

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 DOE-12 SOE-01 AID-05  
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SP-02 SS-15 STR-05 TRSE-00 ACDA-12 OIC-02 IO-13  
NRC-05 /144 R

DRAFTED BY EB/ORF/FSE:DTHICKEY:LV  
APPROVED BY EB/ORF/FSE:GARSEN  
DOE/IA:PBORRE (SUBS)  
EUR/RPE:PLAASE

-----117276 211851Z /43

R 211700Z DEC 77  
FM SECSTATE WASHDC  
TO AMEMBASSY ATHENS  
AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY ROME  
AMEMBASSY BERN  
AMEMBASSY STOCKHOLM  
AMEMBASSY DUBLIN  
AMEMBASSY COPENHAGEN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY LONDON  
AMEMBASSY THE HAGUE  
AMEMBASSY BRUSSELS  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
AMCONSUL VIENNA  
AMEMBASSY MADRID  
AMEMBASSY ANKARA  
AMEMBASSY WELLINGTON  
AMEMBASSY OSLO

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USOECN, USEEC ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: ENERGY: IEA/SLT MEETING OF DECEMBER 14, 15, 16

1) AT ITS DECEMBER 14-16 MEETING, THE STANDING GROUP ON LONG-TERM COOPERATION (SLT) OF THE INTERNATIONAL ENERGY AGENCY (IEA) REVIEWED THE ENERGY PROGRAMS AND POLICIES OF THE UNITED KINGDOM, DENMARK, SWITZERLAND, THE NETHERLANDS, AND SWEDEN. NEW ZEALAND, SPAIN, LUXEMBOURG, TURKEY, IRELAND, GERMANY, AND ITALY WILL BE REVIEWED IN PLENARY SESSION ON JANUARY 16-18 AND JAPAN, NORWAY, UNITED STATES, AUSTRIA, BELGIUM, CANADA, AND GREECE WILL BE EXAMINED FEBRUARY 6-8. THE REVIEWS ARE BASED ON IEA MEMBER COUNTRIES REPLY TO A QUESTIONNAIRE ON ENERGY AND A DOCUMENT PREPARED BY THE IEA SECRETARIAT SUMMARIZING ENERGY POLICY AND PROGRAM DEVELOPMENT AND HIGHLIGHTING KEY ISSUES FOR DISCUSSION. OUR OECD MISSION WILL POUCH RELEVANT DOCUMENTS TO EMBASSIES. A SUMMARIZED VERSION OF ENERGY PROSPECTS FOR EACH COUNTRY FOLLOWS:

2) UNITED KINGDOM: THE UNITED KINGDOM WILL SHOW SIGNIFICANT IMPROVEMENT IN ITS OIL IMPORT POSITION

OVER THE NEXT DECADE. FROM A NET OIL IMPORT POSITION OF 79 METRIC TONS OF OIL EQUIVALENT (MTOE) IN 1976, THE UK PROJECTS A REDUCTION IN NET OIL IMPORTS TO 11 MTOE (LOW RANGE) TO BECOMING A NET OIL LIMITED OFFICIAL USE

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EXPORTER OF 49 MTOE (HIGH RANGE) BY 1985.

NOTE: 50 MTOE EQUALS APPROXIMATELY ONE MILLION BARRELS DAILY OF OIL EQUIVALENT.

THE IMPROVED BALANCE SHEET IS PRIMARILY A RESULT OF SUBSTANTIALLY INCREASED OIL PRODUCTION FROM THE NORTH SEA (12.5 MTOE (76) TO 100-150 MTOE (85)). OTHER SUPPLY SECTORS SHOW SMALLER INCREASES DURING THE SAME TIME PERIOD: NATURAL GAS - 31 MTOE TO 35-45 MTOE; COAL - 75 MTOE TO 81 MTOE; NUCLEAR - 8.8 MTOE TO 15 MTOE. ENERGY CONSUMPTION IS PROJECTED TO INCREASE FROM 207 MTOE TO 244 MTOE OVER THE DECADE, WHILE TOTAL PRIMARY ENERGY USE RELATED TO GROSS DOMESTIC PRODUCT (TPE/GDP) IS EXPECTED TO DECLINE FROM 1.52 TO 1.32.

AMONG THE KEY ISSUES CONSIDERED WERE A) THE EFFECTIVENESS OF EXISTING CONSERVATION PROGRAMS, PARTICULARLY IN THE TRANSPORTATION AND INDUSTRIAL SECTOR, B) OIL REFINERY EXPANSION, C) NATURAL GAS PRICING AND ITS EFFECT ON COAL USE, D) OIL AND GAS EXPLORATION AND

DEVELOPMENT ACTIVITIES AND POLICIES, E) DEPLETION POLICY, F) GAS FLARING AND DEVELOPMENT OF GAS INFRASTRUCTURE, G) COAL PRODUCTIVITY AND UTILIZATION, AND H) THE CHOICE OF A NUCLEAR POWER SYSTEM AND THE WINDSCALE DECISION REGARDING REPROCESSING.

3) DENMARK: DENMARK HAS FEW INDIGENOUS ENERGY SOURCES AND RELIES PRIMARILY ON COMPREHENSIVE CONSERVATION PROGRAMS AND POLICIES TO REDUCE DEPENDENCE ON IMPORTED OIL. DENMARK ESTIMATES THAT OIL IMPORTS WILL DECLINE FROM 15.9 MTOE IN 1976 TO 9.8 MTOE IN 1985.

THE ENERGY BALANCES SUBMITTED PROJECT INCREASED OIL LIMITED OFFICIAL USE

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PRODUCTION (FROM A NEGLIGIBLE LEVEL IN 1976 TO 3.5 MTOE IN 1985), GAS PRODUCTION (0 IN 1976 TO 2.7 MTOE IN 85), AND A SWITCH FROM OIL TO COAL IN POWER PLANTS. ENERGY CONSUMPTION IS EXPECTED TO INCREASE FROM 19.3 MTOE TO 20.6 MTOE OVER THE DECADE, WHILE THE TPE/GDP RATIO IS PROJECTED TO DECLINE FROM 1.04 TO 0.78.

KEY ISSUES DISCUSSED INCLUDED (A) IMPLEMENTATION AND FINANCING OF AN AGGRESSIVE CONSERVATION PROGRAM; (B) ENERGY DEMAND PROJECTIONS; (C) IMPORT AND UTILIZATION OF NATURAL GAS; (D) DOMESTIC OIL AND GAS PRODUCTION FORECASTS; (E) FUEL SWITCHING FOR ELECTRICITY GENERATION; AND (F) NUCLEAR POWER POSSIBILITIES.

4) SWITZERLAND: SWITZERLAND HAS FEW INDIGENOUS ENERGY SOURCES AND DEPENDS UPON A SLOWDOWN IN ENERGY DEMAND GROWTH AND INCREASED USE OF NUCLEAR ENERGY TO MAINTAIN A CONSTANT LEVEL OF OIL IMPORTS. IN 1976 SWITZERLAND HAD NET OIL IMPORTS OF 13.3 MTOE, ABOUT THE SAME AS IN 1975 AND PROJECTS A SLIGHT DECREASE TO 13.2 MTOE IN NET OIL IMPORTS BY 1985.

THE IMPROVED BALANCE SHEET IS PRIMARILY A RESULT OF LOW ENERGY DEMAND GROWTH (21.4 MTOE (76) TO 25.7 MTOE (85), INCREASE IN NUCLEAR POWERED ELECTRICITY (2.0 MTOE TO 4.1 MTOE), GAS IMPORTS (0.6 MTOE TO 1.7 MTOE) AND HYDRO POWERED ELECTRICITY (5.7 MTOE TO 7.0 MTOE).

ISSUES AFFECTING SWITZERLAND'S ENERGY PROGRAM DISCUSSED BY THE SLT INCLUDED: (A) FEDERAL GOVERNMENTS' LIMITED AUTHORITY IN ENERGY; (B) FORMULATION AND IMPLEMENTATION OF A COMPREHENSIVE ENERGY STRATEGY IN SUCH AN INSTITUTIONAL SETTING; (C) LIMITED OFFICIAL USE

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PROSPECTS FOR INCREASED USE OF NATURAL GAS; (D) NUCLEAR POWER EXPANSION AND THE GOVERNMENT'S ROLE IN WASTE MANAGEMENT.

5) THE NETHERLANDS: NETHERLANDS PROJECTS A DETERIORATING OIL IMPORT POSITION OVER THE NEXT DECADE AS GAS PRODUCTION SLOWS DOWN AND A GAS STORAGE PROGRAM IS INSTITUTED. FROM NET OIL IMPORTS OF 25.1 MTOE IN 1976 (COMPARED WITH 21 MTOE IN 1975) THE NETHERLANDS EXPECTS NET OIL IMPORTS TO REACH 48.0 MTOE IN 1985.

NETHERLANDS ESTIMATES CONTINUED HIGH GAS PRODUCTION, (75.1 MTOE (76) TO 69.3 MTOE (85)) AND INCREASED COAL IMPORTS (2.8 MTOE TO 6.3 MTOE). NUCLEAR POWER IS ASSUMED TO REMAIN CONSTANT THROUGH THE MID-80'S WHILE ENERGY DEMAND IS EXPECTED TO INCREASE FROM 64.2 MTOE (76) TO 90.1 MTOE (85).

ISSUES AFFECTING ENERGY BALANCES IDENTIFIED DURING THE REVIEW INCLUDED: (A) PACE OF OIL AND GAS EXPLORATION ACTIVITIES; (B) LONG-TERM FINANCING OF ENERGY CONSERVATION PROGRAMS; (C) USE OF IMPORTED COAL IN INDUSTRY AND ELECTRICAL GENERATION; AND (D) THE NEED FOR AN EARLY DECISION ON THE TIMING OF ADDITIONAL NUCLEAR REACTORS.

6) SWEDEN: SWEDEN SHOWS A SLIGHT IMPROVEMENT IN ITS OIL IMPORT POSITION OVER THE NEXT DECADE. SWEDEN PROJECTS A SMALL DECREASE IN NET OIL IMPORTS FROM 28.2 MTOE IN 1976 TO 27.9 MTOE IN 1985.

THE ACHIEVEMENT OF ENERGY BALANCES IS PREDICATED UPON A SUBSTANTIAL INCREASE IN NUCLEAR POWERED ELECTRICITY (3.6 MTOE (76) TO 13.7 MTOE (85)), AN INCREASE IN HYDRO-POWER (12.3 MTOE TO 15.3 MTOE) AND A SMALL INCREASE IN COAL PRODUCTION AND IMPORTS.

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SWEDEN PRODUCES NO OIL OR GAS. ENERGY CONSUMPTION IS EXPECTED TO INCREASE FROM 49.6 MTOE TO 60.5 MTOE OVER THE DECADE, ABOUT 2 PERCENT A YEAR. THE TPE/GDP RATIO IS PROJECTED TO DECLINE FROM 1.32 TO 1.16.

MAJOR ELEMENTS AFFECTING SWEDEN'S ENERGY PROGRAM IDENTIFIED BY THE SLT INCLUDED: (A) THE RELATION-

SHIP OF THE SLOWDOWN IN ECONOMIC GROWTH AND THE  
REDUCTION IN ENERGY CONSUMPTION; (B) PROGRESS OF  
THE ENERGY COMMISSION IN ESTABLISHING A COMPREHENSIVE  
ENERGY POLICY; (C) IMPLICATIONS OF GOVERNMENT POLICY  
ON PROJECTED NUCLEAR GENERATING CAPACITY; AND (D)  
FALLBACK STRATEGY IF THE NUCLEAR PROGRAM ISN'T  
IMPLEMENTED. VANCE

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## Message Attributes

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